

November 2002



# North Dakota REV-E-NEWS

**From Rod Backman, Director  
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Real gross domestic product (GDP) is expected to post a gain of close to 1 percent in the current quarter, well below the more than 3 percent annualized gain experienced during the first three quarters of the year.

Nationally there are just as many businesses cutting payrolls as adding to them. Industries adding to payrolls include healthcare, educational services, legal services, mortgage banking, and defense. Industries still laying off include construction, information technology, import-competing manufacturing, travel and tourism, and investment banking.

*Economy.com* expects consumers to continue spending just enough, long enough for the economy to avoid a double-dip recession. Growth is expected to remain weak until businesses resume hiring and investing more aggressively, which is not expected until next spring or summer.

*Economy.com's* leading economic indicator puts the probability of recession in the next six months at more than one-third. The weak stock and corporate bond markets are the principal

reason for the dramatic increase in risk. The recent slide in consumer confidence is also a contributing factor.

North Dakota continues to have one of the lowest unemployment rates in the nation. The October 2002 unem-

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ployment rate for North Dakota was 2.4 percent, down from last month's revised rate of 2.6 percent. The unemployment rate for the nation was 5.7 percent in October.

Employment was up over the year in only one of the nine major industries. Government employment was up 1,000 due primarily to increases over the year in local government. The greatest numeric decrease was in the construction industry (650).

## Oil Activity

There are currently 14 rigs drilling in North Dakota compared to 13 one year ago.

The price of oil remains in the range of \$22 per barrel while production in September averaged approximately 84,628 barrels per day.

Comments or Questions???

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**STATEMENT OF GENERAL FUND REVENUES AND FORECASTS**  
**Compared to July 2002 Preliminary Forecast**  
**2001-03 BIENNIUM**  
**OCTOBER 2002**

REVENUES AND TRANSFERS	July 2002 Preliminary Forecast	FISCAL MONTH			July 2002 Preliminary Forecast	BIENNIUM TO DATE		
		Actual	Variance	Percent		Actual	Variance	Percent
Sales Tax	29,992,000.00	\$ 30,135,936.85	\$ 143,936.85	0.5%	\$ 425,170,748.00	\$ 429,151,523.35	\$ 3,980,775.35	0.9%
Motor Vehicle Excise Tax	5,272,000.00	5,054,905.20	(217,094.80)	-4.1%	81,247,256.00	81,699,599.90	452,343.90	0.6%
Individual Income Tax	16,797,000.00	16,773,974.35	(23,025.65)	-0.1%	255,602,355.00	258,519,604.89	2,917,249.89	1.1%
Corporate Income Tax	2,907,000.00	2,672,114.78	(234,885.22)	-8.1%	47,637,973.00	47,397,989.26	(239,983.74)	-0.5%
Insurance Premium Tax	77,000.00	160,688.19	83,688.19	108.7%	25,569,682.00	26,554,064.25	984,382.25	3.8%
Financial Institutions Tax		129,778.00	129,778.00	100.0%	2,501,892.00	3,111,836.04	609,944.04	24.4%
Oil & Gas Production Tax	1,446,000.00	1,627,475.12	181,475.12	12.6%	25,954,849.00	26,876,441.44	921,592.44	3.6%
Gaming Tax	950,000.00	1,782,866.06	832,866.06	87.7%	16,338,000.00	18,578,146.98	2,240,146.98	13.7%
Interest Income	278,000.00	224,969.29	(53,030.71)	-19.1%	6,700,000.00	6,278,856.82	(421,143.18)	-6.3%
Oil Extraction Tax	994,000.00	1,118,872.30	124,872.30	12.6%	14,742,638.00	14,749,520.56	6,882.56	0.0%
Cigarette & Tobacco Tax	1,706,000.00	1,745,948.27	39,948.27	2.3%	27,318,046.00	27,180,478.41	(137,567.59)	-0.5%
Departmental Collections	1,000,000.00	998,217.96	(1,782.04)	-0.2%	39,327,050.00	41,885,490.70	2,558,440.70	6.5%
Wholesale Liquor Tax	488,124.00	438,408.35	(49,715.65)	-10.2%	7,559,450.00	7,419,628.36	(139,821.64)	-1.8%
Coal Conversion Tax	1,937,000.00	1,944,545.24	7,545.24	0.4%	31,256,821.00	31,205,041.66	(51,779.34)	-0.2%
Mineral Leasing Fees	300,000.00	326,317.09	26,317.09	8.8%	3,476,000.00	4,371,812.55	895,812.55	25.8%
Bank of North Dakota-Transfer					30,000,000.00	30,000,000.00		0.0%
State Mill & Elevator-Transfer								
Gas Tax Admin-Transfer	170,424.00	170,424.00	-	0.0%	1,022,544.00	1,022,544.00	-	0.0%
Other Transfers		13,188.68	13,188.68	100.0%	70,850.00	84,437.96	13,587.96	0.0%
<b>Total Revenues and Transfers</b>	<b>64,314,548.00</b>	<b>65,318,629.73</b>	<b>1,004,081.73</b>	<b>1.6%</b>	<b>1,041,496,154.00</b>	<b>1,056,087,017.13</b>	<b>14,590,863.13</b>	<b>1.4%</b>

**COMPARISON TO PREVIOUS BIENNIUM REVENUES  
2001-03 BIENNIUM  
OCTOBER 2002**

REVENUES AND TRANSFERS	FISCAL MONTH				BIENNIUM TO DATE			
	October <u>2000</u>	October <u>2002</u>	<u>Variance</u>	<u>Percent</u>	<u>1999-01</u>	<u>2001-03</u>	<u>Variance</u>	<u>Percent</u>
Sales Tax	\$ 30,598,978.72	\$ 30,135,936.85	\$ (463,041.87)	-1.5%	\$ 409,816,648.16	\$ 429,151,523.35	\$ 19,334,875.19	4.7%
Motor Vehicle Excise Tax	733,743.71	5,054,905.20	4,321,161.49	588.9%	70,799,192.44	81,699,599.90	10,900,407.46	15.4%
Individual Income Tax	13,709,644.18	16,773,974.35	3,064,330.17	22.4%	254,528,784.17	258,519,604.89	3,990,820.72	1.6%
Corporate Income Tax	695,237.69	2,672,114.78	1,976,877.09	284.3%	59,464,125.14	47,397,989.26	(12,066,135.88)	-20.3%
Insurance Premium Tax	68,593.54	160,688.19	92,094.65	134.3%	21,709,867.71	26,554,064.25	4,844,196.54	22.3%
Financial Insitutions Tax	(24,459.00)	129,778.00	154,237.00	-630.6%	2,483,701.16	3,111,836.04	628,134.88	25.3%
Oil & Gas Production Tax	1,890,903.75	1,627,475.12	(263,428.63)	-13.9%	28,299,019.25	26,876,441.44	(1,422,577.81)	-5.0%
Gaming Tax	938,152.46	1,782,866.06	844,713.60	90.0%	17,364,044.64	18,578,146.98	1,214,102.34	7.0%
Interest Income	896,231.75	224,969.29	(671,262.46)	-74.9%	12,383,311.91	6,275,856.82	(6,107,455.09)	-49.3%
Oil Extraction Tax	1,464,252.94	1,118,872.30	(345,380.64)	-23.6%	17,939,001.03	14,749,520.56	(3,189,480.47)	-17.8%
Cigarette & Tobacco Tax	1,710,056.17	1,745,948.27	35,892.10	2.1%	28,626,213.96	27,180,478.41	(1,445,735.55)	-5.1%
Departmental Collections	2,816,669.33	998,217.96	(1,818,451.37)	-64.6%	27,114,445.34	41,885,490.70	14,771,045.36	54.5%
Wholesale Liquor Tax	399,747.14	438,408.35	38,661.21	9.7%	6,772,860.19	7,419,628.36	646,768.17	9.5%
Coal Severance Tax	854,394.51	0.00	(854,394.51)	-100.0%	14,900,435.54	775,793.99	(14,124,641.55)	-94.8%
Coal Conversion Tax	971,455.35	1,944,545.24	973,089.89	100.2%	16,688,277.96	30,429,247.67	13,740,969.71	82.3%
Mineral Leasing Fees	363,635.46	326,317.09	(37,318.37)	-10.3%	5,070,205.17	4,371,812.55	(698,392.62)	-13.8%
Bank of North Dakota-Transfer					15,000,000.00	30,000,000.00	15,000,000.00	100.0%
State Mill & Elevator-Transfer								
Gas Tax Admin-Transfer	172,576.00	170,424.00	(2,152.00)	2152.0%	1,035,456.00	1,022,544.00	(12,912.00)	-1.2%
Other Transfers		13,188.68	13,188.68	100.0%	2,056,365.23	84,437.96	1,971,927.27	95.9%
<b>Total Revenues and Transfers</b>	<b>58,259,813.70</b>	<b>65,318,629.73</b>	<b>7,058,816.03</b>	<b>12.1%</b>	<b>1,012,051,955.00</b>	<b>1,056,084,017.13</b>	<b>44,032,062.13</b>	<b>4.4%</b>

# Revenue Variances

The following comments are based on the October revenue collections compared to the July 2002 preliminary revenue forecast.

Sales tax collections exceeded projections by \$143,937 or 0.5 percent. Biennium-to-date collections are \$4.0 million or 0.9 percent ahead of projections.

Motor vehicle excise tax collections fell behind the monthly projection by \$217,095 or 4.1 percent, bringing biennium-to-date collections to \$452,344 or 0.6 percent ahead of projections.

Individual income tax collections fell behind forecast by \$23,026 or 0.1 percent. Biennium-to-date collections are now \$2.9 million or 1.1 percent ahead of projections. This overage is a result of strong withholding tax collections in the last several months.

Insurance premium tax collections exceeded the monthly projection by \$83,688 which leaves biennium-to-date collections exceeding projections by \$1.0 million or 3.8 percent. The increase in col-

lections in insurance premium taxes is the result of increased insurance premiums.

Gaming tax collections exceeded projections in October by \$832,866 or 87.7 percent. Part of this variance may be due to timing. Biennium-to-date collections are \$2.2 million or 13.7 percent ahead of projections.

Oil and gas production tax collections exceeded projections by \$181,475 or 12.6 percent while oil extraction collections exceeded projections for the month by \$124,872 or 12.6 percent.

In total, monthly collections for November exceeded revenue projections by \$1.0 million or 1.6 percent.

